



PUBLIC NOTICE

Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

MAILED

AUG 07 2006

News Media Information 202 / 418-0500
Fax-On-Demand 202 / 418-2830
TTY 202 / 418-2555
Internet: <http://www.fcc.gov>
<ftp.fcc.gov>

DOCKET FILE COPY ORIGINAL

DA 06-1573

Released: August 1, 2006

DOMESTIC SECTION 214 APPLICATION FILED FOR TRANSFER OF CONTROL OF IBASIS, INC. TO KPN TELECOM B.V.

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 06-140

Comments Due: August 15, 2006

Reply Comments Due: August 22, 2006

On July 7, 2006, iBasis, Inc. ("iBasis") and KPN Telecom B.V. ("KPN") (collectively, the "Applicants") filed an application, pursuant to section 63.04 of the Commission's rules,¹ to transfer control of iBasis, a holder of blanket domestic and international Section 214 authorizations, to KPN.²

Applicants assert that this transaction is entitled to presumptive streamlined treatment under section 63.03(b)(2)(i) of the Commission's rules because: (1) the proposed transaction would result in KPN having a market share in the interstate, interexchange market of less than 10 percent; (2) KPN would provide competitive telephone exchange services or exchange access services (if at all) exclusively in geographic areas served by a dominant local exchange carrier that is not a party to this transaction; and (3) neither of the Applicants is dominant with respect to any service.³

iBasis is a Delaware publicly traded corporation located in Burlington, Massachusetts that provides large wholesale business service and small retail business services to customers worldwide. iBasis offers two different retail services: disposable calling cards and an electronic

¹ 47 C.F.R. § 63.04; *see* 47 U.S.C. § 214.

² Applicants have also filed an application for consent to transfer authorization for international services. Any action on this domestic 214 application is without prejudice to Commission action on other related pending applications. On July 25, 2006, Applicants filed a supplement to their application. *See* Supplement to Joint Application for Transfer of Control, WC Docket No. 06-140 (filed July 25, 2006).

³ *See* 47 C.F.R. § 63.03(b)(2)(i).

prepaid calling card service sold directly to customers on a website. No person or entity holds a 10% or greater interest in iBasis.

KPN, a private limited liability company incorporated under the laws of the Netherlands, provides international wholesale voice services. KPN is a wholly owned subsidiary of Royal KPN, the legacy carrier located in, and providing service to, the Netherlands. Royal KPN is a publicly-listed company with no controlling shareholder. Royal KPN offers a full range of communications service in the Netherlands, including retail voice, Internet, data, and mobile services. Royal KPN, through its affiliates, also provides international wholesale transport services to carriers throughout the world. Neither Royal KPN nor KPN offer intrastate or interstate, interexchange services in the United States, although KPN has subsidiaries that offer international services.

The following entities or individuals own a 10% or greater interest in Royal KPN: Capital Group International, Inc. (11.9%) (CGII), a California corporation, and Capital Research and Management Company (13%) ("CRMC"), a Delaware corporation. Both CGII and CRMC are subsidiaries of The Capital Group Companies, Inc. ("CGC"), a privately held Delaware investment management corporation. KPN states that it is not aware of any controlling shareholder of CGC. Royal KPN states that it is not aware of any other entities that hold a 10% or greater direct or indirect interest in the company

Pursuant to a Stock Purchase Agreement dated June 21, 2006, between KPN and iBasis, KPN will contribute to a newly-formed KPN subsidiary, KPN Global Carrier Services B.V. ("KGCS"), a Netherlands corporation. As part of this reorganization, a number of KPN-affiliated carriers involved in the provision of KPN International Wholesale Voice Services will be folded into, or become part of, KGCS. iBasis will then, through a separate pro forma transaction, acquire the capital stock of KGCS and KPN International Network Services, Inc., a holder of international section 214 authority. KPN will make a cash payment to iBasis of \$55 million dollars. In return, iBasis will issue approximately 40 million shares of its common stock to KPN, representing approximately a 51% ownership interest in iBasis. Thus, KGCS will become a wholly-owned subsidiary of iBasis, and iBasis will be controlled by KPN. The remaining shares of iBasis will continue to be publicly traded, and iBasis will continue to be managed by its current U.S. management team.

Applicants submit that the proposed transaction will serve the public interest. Applicants contend that the transaction will allow iBasis to compete more effectively in the wholesale transport market. Specifically, Applicants maintain that the transaction is expected to yield significant synergies and cost savings resulting from better termination costs, lower transmission costs, and other cost savings. Applicants argue that KPN's customers will gain geographically broader and more cost-effective international transport and termination. Finally, Applicants state that the transaction will be conducted in a manner that will be transparent to current customers of iBasis.

GENERAL INFORMATION

The transfer of control identified herein has been found, upon initial review, to be acceptable for filing as a streamlined application. The Commission reserves the right to return any transfer of control application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies. Pursuant to sections 1.415 and 1.419 of the Commission's rules, 47 CFR §§ 1.415, 1.419, interested parties may file **comments on or before August 15, 2006 and reply comments on or before August 22, 2006.**⁴ Unless otherwise notified by the Commission, Applicants are permitted to transfer the assets and related control on the 31st day after the date of this notice.⁵ Comments may be filed using: (1) the Commission's Electronic Comment Filing System (ECFS), (2) the Federal Government's eRulemaking Portal, or (3) by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 FR 24121 (1998).

- **Electronic Filers:** Comments may be filed electronically using the Internet by accessing the ECFS: <http://www.fcc.gov/cgb/ecfs/> or the Federal eRulemaking Portal: <http://www.regulations.gov>. Filers should follow the instructions provided on the website for submitting comments.
- **For ECFS filers,** if multiple docket or rulemaking numbers appear in the caption of this proceeding, filers must transmit one electronic copy of the comments for each docket or rulemaking number referenced in the caption. In completing the transmittal screen, filers should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions, filers should send an e-mail to ecfs@fcc.gov, and include the following words in the body of the message, "get form." A sample form and directions will be sent in response.
- **Paper Filers:** Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, filers must submit two additional copies for each additional docket or rulemaking number.

Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

The Commission's contractor will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110,

⁴ See 47 C.F.R. § 63.03(a).

⁵ Such authorization is conditioned upon receipt of any other necessary approvals from the Commission in connection with the proposed transaction.

Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class, Express, and Priority mail should be addressed to 445 12th Street, S.W., Washington D.C. 20554.

People with Disabilities: To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at 202-418-0530 (voice), 202-418-0432 (tty).

You may submit comments, identified by the above noted docket number, by any of the following methods:

- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- Federal Communications Commission's Web Site: <http://www.fcc.gov/cgb/ecfs/>. Follow the instructions for submitting comments.
- People with Disabilities: Contact the FCC to request reasonable accommodations (accessible format documents, sign language interpreters, CART, etc.) by e-mail: FCC504@fcc.gov or phone: 202-418-0530 or TTY: 202-418-0432.

In addition, one copy of each pleading must be sent to each of the following:

- (1) The Commission's duplicating contractor, Best Copy and Printing, Inc., 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554, www.bcpiweb.com; phone: (202) 488-5300 fax: (202) 488-5563;
- (2) Cecilia Seppings, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C230, Washington, D.C. 20554; email: cecilia.seppings@fcc.gov;
- (3) Dennis Johnson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-B155, Washington, D.C. 20554; e-mail: dennis.johnson@fcc.gov;
- (4) Susan O'Connell, Policy Division, International Bureau, 445 12th Street, S.W., Room 7-B544, Washington, D.C. 20554; email: susan.o'connell@fcc.gov; and
- (5) James Bird, Office of General Counsel, 445 12th Street, S.W., Room 8-C824, Washington, D.C. 20554; e-mail: james.bird@fcc.gov.

Filings and comments are also available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, S.W., Room CY-A257, Washington, D.C. 20554. They may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc., Portals II, 445 12th Street, S.W., Room

CYB402, Washington, D.C. 20554, telephone: (202) 488-5300, fax: (202) 488-5563, or via e-mail www.bcpjweb.com.

For further information, please contact Cecilia Seppings at (202) 418-1588, or Dennis Johnson at (202) 418-0809.

- FCC -